

# Federal Budget Estimates, Fiscal Year 2002

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THE *Federal Budget of the United States Government, Fiscal Year 2002* shows a \$231.2 billion surplus, a \$49.5 billion decrease over the projected \$280.7 billion surplus in fiscal year 2001.<sup>1</sup> The surplus in fiscal year 2000 was \$236.4 billion. After adjustments that put these estimates on a consistent basis with the national income and product accounts (NIPAs), the current surplus decreases \$15.2 billion, to \$221.0 billion, in fiscal year 2002.

These Federal budget estimates are derived from all Federal transactions, that is, from all unified budget receipts and all unified budget outlays.<sup>2</sup> The administration's fiscal year 2002 budget estimates of receipts and expenditures reflect the projected impact of proposed legislation and program changes, the economic assumptions used in making the budget projections, and the laws already enacted.

This article summarizes the proposed legislation and program changes in the administration's budget and the budget estimates.<sup>3</sup> It then presents the budget receipts and outlays in the framework of the NIPAs, which are designed to show the composition of production and the distribution of the incomes earned in production. This framework, which differs in concept and timing from

the budget, provides a means of gauging the effects of the Federal budget on aggregate measures of U.S. economic activity, such as gross domestic product, that are part of the NIPAs.

## *Proposed legislation and program changes*

**Receipts.**—The fiscal year 2002 budget presents proposed legislation that would decrease receipts by \$29.3 billion (table 1). The largest proposals are a reduction in individual income tax rates that would subtract \$11.8 billion from receipts in 2002 and the creation of a new 10-percent individual income tax bracket that would subtract \$5.7 billion. These lower tax rates would be phased in over 5 years, beginning in 2002.

A proposal to phase out the estate, gift, and generation-skipping transfer tax would reduce receipts by \$4.9 billion in 2002. These taxes would be reduced from 2002 through 2008 and then repealed in 2009.

The administration is proposing additional tax incentives that would decrease receipts by \$1.8 billion. These incentives include an additional personal exemption to home caretakers of family members and a deduction for long-term care insurance premiums. Proposed 1-year extensions of several provisions would reduce receipts by \$1.6 billion.

A proposal to reinstate the two-earner deduction for married couples would reduce receipts by \$1.4 billion. A proposal to double the child tax credit to \$1,000 per child would decrease receipts by \$1.2 billion. A proposal to provide a charitable contribution deduction for individual taxpayers who do not itemize their deductions would reduce receipts by \$0.5 billion. In addition, four smaller proposals would decrease receipts by a total of \$0.4 billion.

**Outlays.**—The fiscal year 2002 budget includes proposed program changes that would increase total outlays by \$22.4 billion. The largest increase

1. Executive Office of the President, Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2002* (Washington, DC: U.S. Government Printing Office, 2001); <[www.whitehouse.gov/omb/budget/index.html](http://www.whitehouse.gov/omb/budget/index.html)>.

2. Other presentations of the Federal budget distinguish between off-budget and on-budget transactions or between the trust funds surplus and the Federal funds deficit. The off-budget surplus, which consists of the social security trust funds and the Postal Service fund, is \$156.2 billion in 2001 and \$171.7 billion in 2002; the on-budget surplus, which includes all transactions except the social security trust funds and the Postal Service Fund, is \$124.6 billion in 2001 and \$59.4 billion in 2002. In the trust funds/Federal funds breakdown, the proposed surplus generated from all trust funds—such as social security, Medicare, and unemployment compensation—would amount to \$231.3 billion in 2001 and \$256.6 billion in 2002; Federal funds, which includes all transactions not classified in trust funds, would show a surplus of \$49.4 billion in 2001 and a deficit of \$25.4 billion in 2002. There are no equivalent measures of these presentations in the NIPAs.

3. The article on the Federal budget estimates is published after the release of the Federal budget; it provides updated fourth-quarter 2000 and first-quarter 2001 estimates that incorporate information that became available since the release of the budget as well as more detailed estimates of receipts and expenditures than are shown in the NIPA estimates published in *Analytical Perspectives: Budget of the United States Government, Fiscal Year 2002*: 317–21.

is \$11.0 billion for health, most of which is accounted for by the administration's Immediate Helping Hand initiative. This proposal would provide money to States to help low-income Medicare beneficiaries pay for their prescription drugs. Under the plan, assistance would begin this year, and outlays would increase \$2.5 billion in 2001.

Outlays for defense would increase \$7.5 billion as a result of initiatives to increase pay, improve training, and modernize equipment. Proposed program changes would reduce "undistributed offsetting receipts" (that is, certain government re-

ceipts, primarily for interest received by trust funds and for the employer share of payments to retirement and social insurance funds for Federal employees, that are shown in the budget as offsets to outlays)—and thus increase outlays—by \$2.4 billion. The decrease in offsetting receipts results from a proposal to delay the sale of a portion of the electromagnetic spectrum targeted for new wireless services. Outlays for "allowances" (that is, funding to cover emergencies or other unforeseen costs) would increase \$2.4 billion, primarily from a proposal to create a National Emergency Reserve to help cover emergency costs for large natural disasters.

Outlays for net interest would increase \$1.6 billion. The increase reflects higher interest payments on the debt, primarily as a result of the deceleration in receipts under the administration's tax plan.

The largest decrease in outlays would be a \$2.1 billion decrease in natural resources and environment, mostly due to program changes in conservation and land management and in water resources. Program changes in mortgage credit and in small and minority business assistance would decrease outlays for commerce and housing credit by \$0.5 billion. Program changes in disaster relief and insurance would decrease outlays for community and regional development by \$0.4 billion.

*The budget estimates*

In the budget, receipts in fiscal year 2002 are projected to increase \$54.8 billion, to \$2,191.7 billion (table 2). Receipts in 2001 are estimated at \$2,136.9 billion, up \$111.7 billion from 2000. Most of the increase in 2002 is accounted for by projected increases in social insurance taxes and contributions. The increases in 2001 and 2002 are based on the administration's economic assumptions: That the economy will grow 2.4 percent in 2001 and 3.3 percent in 2002, that unemployment

**Table 1.—Relation of Current-Services Estimates to the Budget**

[Billions of dollars]

	Fiscal year	
	2001	2002
<b>Receipts</b>		
Current-services estimates <sup>1</sup>	2,137.1	2,221.0
Plus: Proposed legislation	-2	-29.3
Reduce individual income tax rates		-11.8
Create new 10-percent individual income tax bracket		-5.7
Reduce estate and gift taxes	-2	-4.9
Additional tax incentives	0	-1.8
One-year extension of provisions expiring in 2001		-1.6
Reinstate the two-earner deduction for married couples		-1.4
Increase the child tax credit		-1.2
Provide charitable contribution deduction for nonitemizers		-5
Other		-4
Subtotal: Tax relief (including offsets)	-2	-29.3
Recover State bank supervision and regulation expenses		.1
Subtotal: Other provisions that affect receipts		.1
Equals: The budget	2,136.9	2,191.7
<b>Outlays</b>		
Current-services estimates <sup>1</sup>	1,853.1	1,938.1
Plus: Program changes	3.2	22.4
Health	2.5	11.0
National defense	0	7.5
Undistributed offsetting receipts <sup>2</sup>	0	2.4
Allowances <sup>3</sup>	0	2.4
Net interest	.1	1.6
International affairs	.6	.3
Education, training, employment, and social services	0	.2
Veterans benefits and services	0	.2
Community and regional development	0	-4
Commerce and housing credit	0	-5
Natural resources and environment	0	-2.1
Other	0	-2
Equals: The budget	1,856.2	1,960.6
Current-services surplus or deficit (-)	284.0	282.9
Proposed changes, receipts less outlays	-3.4	-51.7
Administration budget surplus or deficit (-)	280.7	231.2

1. The current-services estimates, which are based on the economic assumptions underlying the budget, are designed to show what Federal receipts and outlays would be if no changes are made to the laws that have already been enacted, with the exception that excise taxes dedicated to trust funds are assumed to be extended in all years, including the years after the law is to expire. In concept, these estimates are neither recommended amounts nor forecasts; they form a baseline with which administration or congressional proposals can be analyzed.

2. Undistributed offsetting receipts are collections that are governmental in nature and that are not credited to expenditure accounts. Undistributed offsetting receipts fall into two categories: Receipts from performing business-like activities, such as proceeds from selling Federal assets or leases; and shifts from one account to another, such as agency payments to retirement funds.

3. Allowances are included in budget totals to cover certain budgetary transactions that are expected to increase or decrease outlays, receipts, or budget authority but are not reflected in the program details. Allowances include funding for emergencies, such as natural disasters, and for unforeseen defense and nondefense costs.

Source: Budget of the United States Government, Fiscal Year 2002.

**Table 2.—Budget Receipts by Source**

[Billions of dollars]

	Level for fiscal year				Change from preceding year		
	1999	2000	2001	2002	2000	2001	2002
<b>Budget receipts</b>	<b>1,827.5</b>	<b>2,025.2</b>	<b>2,136.9</b>	<b>2,191.7</b>	<b>197.8</b>	<b>111.7</b>	<b>54.8</b>
Individual income taxes	879.5	1,004.5	1,072.9	1,078.8	125.0	68.5	5.9
Social insurance taxes and contributions	611.8	652.9	689.7	725.8	41.0	36.8	36.1
Corporation income taxes	184.7	207.3	213.1	218.8	22.6	5.8	5.7
Excise taxes	70.4	68.9	71.1	74.0	-1.5	2.3	2.9
Miscellaneous receipts	34.9	42.8	37.6	43.1	7.9	-5.2	5.5
Estate and gift taxes	27.8	29.0	31.1	28.7	1.2	2.1	-2.4
Customs duties	18.3	19.9	21.4	22.5	1.6	1.5	1.1

Source: Budget of the United States Government, Fiscal Year 2002.

will increase slightly, and that inflation and interest rates will remain relatively low.<sup>4</sup>

Individual income taxes would increase \$5.9 billion in 2002 after increasing an estimated \$68.5 billion in 2001. The deceleration is based on lower projected receipts partly due to the proposal to reduce individual income tax rates. Corporation income taxes would increase \$5.7 billion in 2002 after increasing \$5.8 billion in 2001. Miscellaneous receipts would increase \$5.5 billion after decreasing \$5.2 billion; these changes are based on projected deposits of earnings by the Federal Reserve System.

Total budget outlays in fiscal year 2002 are projected to increase \$104.3 billion, to \$1,960.6 billion (table 3). Outlays in 2001 are estimated at \$1,856.2 billion, up \$67.4 billion from 2000. The projected increase in 2002 is mostly accounted for by increases in six areas:

- **Health.** An increase of \$26.2 billion is accounted for by a \$17.7 billion increase in current-services outlays—based on projected increases in drug prices, in home- and community-based services, and in other health services—and a \$8.5 billion increase from the Immediate Helping Hand prescription-drug initiative.

- **Social security.** An increase of \$21.5 billion is accounted for by an increase in current-services outlays for old-age and survivors insurance bene-

fits. This increase reflects cost-of-living adjustments and assumptions about inflation and the number of beneficiaries in these programs.

- **National defense.** An increase of \$20.1 billion is accounted for by a \$12.5 billion increase in current-services outlays, based on projected increases in military personnel and procurement and a \$7.5 billion increase from the initiatives to increase pay, improve training, and modernize equipment.

- **Income security.** An increase of \$13.1 billion is accounted for by a \$13.0 billion increase in current-services outlays. Most of the increase is accounted for by increases in unemployment insurance programs, civilian employee and military retirement, and other income support programs.

- **Education, training, employment, and social services.** An increase of \$11.4 billion is accounted for by an increase in current-services outlays, based on expected increases in higher education and education for the disadvantaged and on the administration's Reading First initiative, which would establish comprehensive reading programs in kindergarten through third grade.

- **Medicare.** An increase of \$10.6 billion is accounted for by an increase in current-services outlays, based on expected increases in health services.

These increases are partly offset by a decrease of \$18.2 billion in net interest (interest paid less interest received), reflecting a decrease in the Federal debt.

4. See "Economic Assumptions," *Analytical Perspectives*, 3–9.

**Table 3.—Budget Outlays by Function**

(Billions of dollars)

	Level for fiscal year				Change from preceding fiscal year		
	1999	2000	2001	2002	2000	2001	2002
<b>Budget outlays</b> .....	<b>1,703.0</b>	<b>1,788.8</b>	<b>1,856.2</b>	<b>1,960.6</b>	<b>85.8</b>	<b>67.4</b>	<b>104.3</b>
Social security .....	390.0	409.4	433.6	455.1	19.4	24.2	21.5
National defense .....	274.9	294.5	299.1	319.2	19.6	4.6	20.1
Income security .....	237.7	247.9	262.6	275.7	10.2	14.7	13.1
Medicare .....	190.4	197.1	219.3	229.9	6.7	22.1	10.6
Health .....	141.1	154.5	175.3	201.5	13.5	20.8	26.2
Net interest .....	229.7	223.2	206.4	188.1	-6.5	-16.8	-18.2
Education, training, employment, and social services .....	56.4	59.2	65.3	76.6	2.8	6.1	11.4
Transportation .....	42.5	46.9	51.1	55.0	4.3	4.2	4.0
Veterans benefits and services .....	43.2	47.1	45.4	51.6	3.9	-1.7	6.2
Administration of justice .....	25.9	27.8	29.4	32.3	1.9	1.6	2.9
Natural resources and environment .....	24.0	25.0	27.4	27.5	1.1	2.3	.1
International affairs .....	15.2	17.2	17.5	21.0	2.0	.2	3.5
General science, space, and technology .....	18.1	18.6	19.7	20.8	.5	1.1	1.1
Agriculture .....	23.0	36.6	25.9	18.6	13.6	-10.7	-7.3
General government .....	15.8	13.5	16.8	16.3	-2.3	3.4	-5
Community and regional development .....	11.9	10.6	10.6	11.7	-1.2	-1	1.2
Commerce and housing credit .....	2.6	3.2	-8	6.9	.6	-4.0	7.7
Allowances <sup>1</sup> .....	.....	.....	.....	2.4	0	0	2.4
Energy .....	.9	-1.1	-7	-3	-2.0	.4	.3
Undistributed offsetting receipts <sup>2</sup> .....	-40.4	-42.6	-47.7	-49.4	-2.1	-5.1	-1.7

1. Allowances are included in budget totals to cover certain budgetary transactions that are expected to increase or decrease outlays, receipts, or budget authority but are not reflected in the program details. Allowances include funding for emergencies, such as natural disasters, and for unforeseen defense and nondefense costs.

2. Undistributed offsetting receipts are collections that are governmental in nature and that are not credited to expenditure accounts. Undistributed offsetting receipts fall into two categories: Receipts from performing business-like activities, such as proceeds from selling Federal assets or leases; and shifts from one account to another, such as agency payments to retirement funds.

Source: *Budget of the United States Government, Fiscal Year 2002*.

### Comparison of the budget and NIPA estimates

BEA makes adjustments to the budget estimates in order to provide estimates of Federal current receipts and current expenditures that are consistent over time with NIPA concepts and methodology (see box "Relation Between Budget and NIPA Estimates").

For fiscal year 2002, NIPA current receipts would exceed budget receipts by \$8.0 billion: Other netting and grossing differences would add \$34.5 billion, supplementary medical insurance premiums would add \$27.0 billion, and capital transfers received would subtract \$28.5 billion (table 4).

For fiscal year 2002, NIPA current expenditures would exceed budget outlays by \$18.1 billion: Other netting and grossing differences would add \$34.5 billion, Federal employee retirement plan transactions would add \$32.3 billion, and capital transfers paid would subtract \$41.6 billion (table 5). Largely because of the treatment of military

and civilian retirement funds, the NIPA estimate of national defense consumption expenditures would exceed the budget estimate of national defense outlays by \$28.4 billion (table 6).

For fiscal year 2002, the budget surplus would exceed the NIPA current surplus by \$10.2 billion. The difference reflects the combined effects of the coverage and timing adjustments; the coverage ad-

justments lower NIPA current receipts more than NIPA current expenditures, and the timing adjustments lower NIPA current receipts and raise NIPA current expenditures (table 7).

#### *Fiscal year 2002 NIPA estimates*

In the NIPA framework, the current surplus would decrease \$15.2 billion, to \$221.0 billion, in fiscal

### Relation Between Budget and NIPA Estimates

The Bureau of Economic Analysis (BEA) prepares estimates of the Federal sector in the framework of the national income and product accounts (NIPA's). Unlike the budget, which is a financial plan of the government on a cash basis, the NIPA's facilitate macroeconomic analyses of the impact of changes in Federal current receipts, current expenditures, and gross investment on gross domestic product and its components.<sup>1</sup>

One major conceptual difference between the budget and the NIPA's is in the treatment of government investment in fixed assets; in the NIPA's, government consumption expenditures excludes investment in fixed assets but includes a depreciation charge on past investment as consumption of fixed capital. Certain transactions that mainly represent transfers of existing assets are included in the budget but are classified in the NIPA's as capital transfers and are excluded from government current receipts and expenditures. These transactions include certain investment grants-in-aid to State and local governments, investment subsidies to businesses, and estate and gift taxes. In the NIPA's, government employee retirement plans are treated similarly to private pension plans and thus are classified in the NIPA personal sector. For example, employee contributions to these plans are included in budget receipts but are not included in NIPA current receipts. Likewise, Federal employee retirement benefits are included in budget outlays but are not included in NIPA current expenditures. Net purchases of nonproduced assets, such as land and the radio spectrum, are excluded from the NIPA's because they do not affect current production. Similarly, certain financial transactions are excluded from the NIPA's. The NIPA's also exclude transactions with residents of Puerto Rico and the U.S. Territories, whose product and income are by definition not included in the NIPA's, and transactions of the Federal Communication Commission Universal Service Fund, which pass through a nonprofit institution regulated by the Federal Communication Com-

mission. Differences between the budget and the NIPA's are detailed in tables 4 and 5.

NIPA current receipts differ from budget receipts because of differences in coverage, in netting and grossing (which provide additional information on items that are recorded on a net basis in the budget), and in timing. For most years, the differences between NIPA current receipts and budget receipts primarily reflect capital transfers received, supplementary medical insurance premiums, and personal and business nontaxes. (Personal and business nontaxes, which are included in "other" netting and grossing differences in table 4, are classified as receipts in the NIPA's and netted against outlays in the budget.)

Similarly, NIPA current expenditures differ from budget outlays because of differences in coverage, in netting and grossing, and in timing. For most years, the differences between NIPA current expenditures and budget outlays primarily reflect capital transfers paid, Federal employee retirement plan transactions, and personal and business nontaxes.

In the NIPA framework, budget outlays for national defense and nondefense are reflected in both consumption expenditures and gross investment. For national defense, the budget outlays differ from the NIPA estimates for four principal reasons. First, the NIPA measure includes general government consumption of fixed capital. Second, in defense outlays, the cost of the military retirement program is measured as the cash payment from the military personnel appropriation account to the military retirement trust fund. In the NIPA's, payments are added to amortize the unfunded liability for military and civilian retirement benefits; these payments are recorded in the budget as intergovernmental transactions. Payments to amortize unfunded liabilities arise, in part, from new or liberalized retirement benefits, from increases in pay, and in the case of the military, from the initial unfunded liability prior to the establishment of the military retirement fund in fiscal year 1985. Third, NIPA expenditures are recorded on a delivery basis, and budget outlays are recorded on a cash basis. Thus, in the NIPA's, all work-in-progress except ships and structures are included in the change-in-private-inventories component of gross domestic product. Fourth, some defense outlays, primarily disbursements for foreign military sales, are treated as exports in the NIPA's. The production of military equipment is initially recorded in change in private inventories, and when the equipment is delivered, a decrease in private inventories is recorded. For sales of equipment to foreign governments, the decrease is offset by an increase in exports; for sales to the U.S. Government, the decrease is offset by an increase in government consumption expenditures and gross investment.

1. These adjustments are shown in NIPA table 3.18B, "Relation of Federal Government Current Receipts and Expenditures in the NIPA's to the Budget," SURVEY 80 (October 2000): 13. A summary of these adjustments also appears in "National Income and Product Accounts, *Budget of the United States Government, Analytical Perspectives, Fiscal Year 2002*: 317-321.

For a detailed discussion of NIPA adjustments, see *Government Transactions*, Methodology Paper No. 5 (November 1988), which is available on BEA's Web site, <www.bea.doc.gov>, under "Methodologies." For changes since the publication of this paper, see Brent R. Moulton, Robert P. Parker, and Eugene P. Seskin, "A Preview of the 1999 Comprehensive Revision of the National Income and Product Accounts: Definitional and Classificational Changes," SURVEY 79 (August 1999): 11-14; Robert P. Parker, "Preview of the Comprehensive Revision of the National Income and Product Accounts: Recognition of Government Investment and Incorporation of a New Methodology For Calculating Depreciation," SURVEY 75 (September 1995): 33-41; and Robert P. Parker, "A Preview of the Comprehensive Revision of the National Income and Product Accounts: Definitional and Classificational Changes," SURVEY 71 (September 1991): 24-25.

year 2002 after increasing an estimated \$17.3 billion in fiscal year 2001 (chart 1). The downturn is due to a sharp deceleration in current receipts that is more than accounted for by personal tax and nontax receipts. Current expenditures would also slow, as decelerations in transfer payments and nondefense consumption expenditures more than offset accelerations in defense consumption expenditures and grants-in-aid to State and local governments.

In the NIPA framework, Federal current receipts would increase \$63.0 billion, to \$2,199.7 billion, in fiscal year 2002 after increasing an estimated \$103.9 billion in fiscal year 2001 (chart 2). The slowdown is mainly due to a rapid drop in receipts from proposed legislation that would decrease receipts \$30.0 billion and to a modest deceleration in the tax base that would increase receipts \$93.0 billion (table 8). (The tax base is estimated using administration economic assumptions and does not include the impact of any proposed legislation.) Within current receipts, personal tax and nontax receipts would increase \$8.4 billion after increasing \$71.9 billion; the deceleration is due to the impact of the proposed tax cut. Indirect busi-

**Table 4.—Relation of Federal Government Current Receipts in the NIPA's to the Budget**

	Fiscal year		
	2000	2001	2002
<b>Budget receipts</b> .....	<b>2,025.2</b>	<b>2,136.9</b>	<b>2,191.7</b>
Less: Coverage differences .....	41.8	45.1	42.7
Geographic <sup>1</sup> .....	3.6	3.8	4.1
Contributions received by Federal employee retirement plans <sup>2</sup> .....	4.8	4.6	4.3
Capital transfers received <sup>3</sup> .....	28.8	30.9	28.5
Financial transactions .....	0	0	0
Other <sup>4</sup> .....	4.5	5.7	5.8
Netting and grossing differences .....	-45.8	-52.1	-54.8
Supplementary medical insurance premiums .....	-21.9	-23.4	-27.0
Taxes received from the rest of the world <sup>5</sup> .....	6.5	6.7	6.7
Other <sup>6</sup> .....	-30.4	-35.4	-34.5
Plus: Timing differences .....	3.5	-7.2	-4.2
Corporate profits taxes .....	7.0	-3.4	-5.1
Federal and State unemployment insurance taxes .....	-3	-5	-7
Withheld personal income tax and social security contributions .....	1.3	1.6	7.2
Excise taxes .....	.7	.7	.3
Other .....	-5.2	-5.6	-6.0
<b>Equals: Federal Government current receipts, NIPA's</b> .....	<b>2,032.8</b>	<b>2,136.7</b>	<b>2,199.7</b>

1. Consists largely of contributions for social insurance by residents of U.S. territories and Puerto Rico.

2. These transactions are included in the NIPA personal sector.

3. Consists of estate and gift taxes.

4. Consists largely of Treasury receipts from sales of foreign currencies to Government agencies.

5. Taxes received from the rest of the world are included in receipts in the budget and netted against expenditures (transfer payments) in the NIPA's.

6. Includes proprietary receipts that are netted against outlays in the budget and classified as receipts in the NIPA's. Also includes some transactions that are not reflected in the budget data but are added to both receipts and expenditures in the NIPA's.

Sources: *Budget of the United States Government, Fiscal Year 2002* and the Bureau of Economic Analysis.

ness tax and nontax accruals would increase \$2.4 billion after increasing \$7.3 billion; the deceleration is due to a downturn in business nontaxes, primarily in rents and royalties from the Outer Continental Shelf. These decelerations would be partly offset by an upturn in corporate profits and an acceleration in contributions for social insur-

**Table 5.—Relation of Federal Government Current Expenditures in the NIPA's to the Budget**

[Billions of dollars]

	Fiscal year		
	2000	2001	2002
<b>Budget outlays</b> .....	<b>1,788.8</b>	<b>1,856.2</b>	<b>1,960.6</b>
Less: Coverage differences .....	21.1	10.1	37.4
Geographic <sup>1</sup> .....	10.9	11.6	12.0
Federal employee retirement plan transactions <sup>2</sup> .....	-31.6	-31.6	-32.3
Interest received .....	-46.6	-48.3	-50.0
Contributions received (employer) .....	-64.7	-66.7	-69.2
Benefits paid .....	79.6	83.3	86.8
Administrative expenses .....	.1	.1	.1
Financing disbursements from credit programs <sup>3</sup> .....	-16.2	-41.3	-4.7
Other differences in funds covered <sup>4</sup> .....	2.9	6.3	4.9
Net investment <sup>5</sup> .....	5.8	13.4	13.9
Capital transfers paid <sup>6</sup> .....	35.1	38.3	41.6
Financial transactions .....	14.5	14.5	3.2
Loan disbursements less loan repayments and sales .....	17.3	18.3	6.7
Deposit insurance .....	-2.1	-8	.1
Net purchases of foreign currency .....	0	0	0
Other .....	-8	-3.0	-3.6
Net purchases of nonproduced assets .....	0	-1.0	-1.2
Outer Continental Shelf .....	-2	0	0
Land and other <sup>7</sup> .....	.2	-1.0	-1.2
Other <sup>8</sup> .....	-1	-1	-1
Netting and grossing differences .....	-45.8	-52.1	-54.8
Supplementary medical insurance premiums .....	-21.9	-23.4	-27.0
Taxes received from the rest of the world <sup>9</sup> .....	6.5	6.7	6.7
Other <sup>10</sup> .....	-30.4	-35.4	-34.5
Plus: Timing differences .....	.3	2.3	.7
Purchases (increase in payables net of advances) .....	3.3	-3.4	0.6
Interest .....	0	0	0
Transfer payments .....	-3.0	5.5	-0.1
Subsidies less current surplus of government enterprises .....	.1	.2	.1
<b>Equals: Federal Government current expenditures, NIPA's</b> .....	<b>1,813.8</b>	<b>1,900.5</b>	<b>1,978.7</b>

1. Consists largely of transfer payments, subsidies, and grants-in-aid to residents of U.S. territories and Puerto Rico.

2. These transactions are included in the NIPA personal sector.

3. Consists of transactions (not included in the budget totals) that record all cash flows arising from post-1991 direct loan obligations and loan guarantee commitments. Many of these flows are for new loans or loan repayments; consequently, related entries are included in "Loan disbursements less loan repayments and sales."

4. Consists largely of agencies or accounts such as the Postal Service and the Federal Financing Bank that, in some time periods, were not included in the budget.

5. Net investment is gross investment less consumption of fixed capital for government enterprises and general government.

6. Consists of investment grants to State and local governments and maritime construction subsidies. Does not include the forgiveness of debts owed by foreign governments to the U.S. Government; this forgiveness is classified as a capital transfer paid by the United States and is excluded from both budget outlays and NIPA current expenditures.

7. Consists of net sales of land other than the Outer Continental Shelf and, beginning with 1995, the auction of the radio spectrum.

8. Consists largely of net expenditures of foreign currencies.

9. Taxes received from the rest of the world are included in receipts in the budget and netted against expenditures (transfer payments) in the NIPA's.

10. Includes proprietary receipts that are netted against outlays in the budget and classified as receipts in the NIPA's. Also includes some transactions that are not reflected in the budget data but are added to both receipts and expenditures in the NIPA's.

Sources: *Budget of the United States Government, Fiscal Year 2002* and the Bureau of Economic Analysis.

ance. Corporate profits tax accruals would increase \$8.9 billion after decreasing \$9.9 billion; the turnaround is more than accounted for by an upturn in the tax base, reflecting the administration's economic assumptions on the level of corporate profits. Contributions for social insurance would increase \$43.2 billion after increasing \$34.7 billion; the step-up is attributable to an acceleration in wages and salaries.

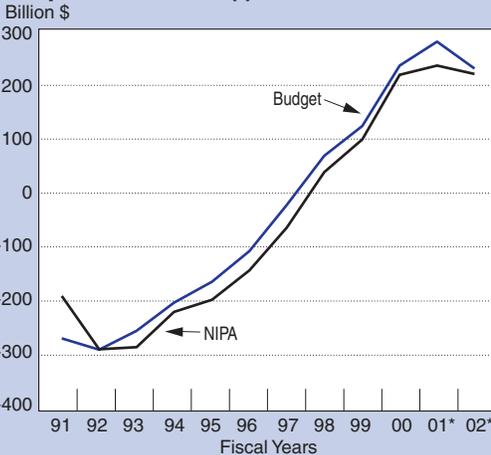
In the NIPA framework, Federal current expenditures would increase \$78.2 billion, to \$1,978.7 billion, in fiscal year 2002 after increasing an esti-

mated \$86.7 billion in fiscal year 2001 (chart 3). The deceleration is attributable to slowdowns in transfer payments and nondefense consumption expenditures. Transfer payments would increase \$43.3 billion after increasing \$60.7 billion; this slowdown is attributable to decelerations in Medicare and in social security (table 9). Nondefense consumption expenditures would increase \$6.9 billion after increasing \$17.4 billion. Grants-in-aid to State and local governments would increase \$34.2 billion after increasing \$26.7 billion; the step-up is mainly attributable to accelerations in Medicaid and in the proposed prescription drug program. Defense consumption expenditures would also accelerate, increasing \$15.7 billion after increasing \$4.7 billion. In contrast, subsidies less current surplus of government enterprises would decrease \$3.7 billion after decreasing \$6.1 billion; agriculture and housing subsidies account for the slower decrease.

*Quarterly pattern.*—Seasonally adjusted quarterly estimates of NIPA current receipts and current

CHART 1

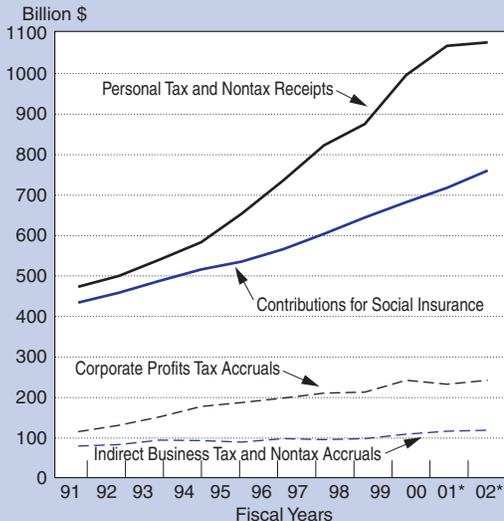
**Federal Fiscal Position, Surplus or Deficit (-)**



\*Estimates by Office of Management and Budget and BEA  
U.S. Bureau of Economic Analysis

CHART 2

**Federal Government Current Receipts, NIPA Framework**



\*Estimates by BEA  
U.S. Bureau of Economic Analysis

**Table 6.—Relation of National Defense Consumption Expenditures and Gross Investment in the NIPA's to National Defense Outlays in the Budget**

[Billions of dollars]

	Fiscal year		
	2000	2001	2002
<b>National defense outlays in the budget</b> .....	<b>294.5</b>	<b>299.1</b>	<b>311.7</b>
Department of Defense, military .....	281.2	283.9	303.4
Military personnel .....	76.0	72.1	79.3
Operation and maintenance .....	105.9	110.4	113.2
Procurement .....	51.7	52.7	56.1
Aircraft .....	18.0	17.1	19.1
Missiles .....	3.2	3.7	3.9
Ships .....	6.7	6.7	7.8
Weapons .....	2.8	3.2	3.6
Ammunition .....	1.1	1.2	1.1
Other .....	19.9	20.7	20.7
Research, development, test, and evaluation .....	37.6	38.0	42.7
Other .....	10.1	10.7	12.1
Atomic energy and other defense-related activities .....	13.3	15.2	8.2
<i>Plus:</i> Consumption of general government fixed capital .....	64.7	66.2	66.8
Additional payments to military and civilian retirement funds .....	21.7	22.6	23.4
Timing difference .....	-3.3	3.4	-6
Military assistance programs .....	.4	.2	.2
<i>Less:</i> Grants-in-aid to State and local governments and net interest paid .....	3.2	2.6	2.8
Other differences .....	-6	1.4	-6.0
<b>Equals: National defense consumption expenditures and gross investment, NIPA's</b> .....	<b>375.5</b>	<b>387.5</b>	<b>404.5</b>
<i>Less:</i> National defense gross investment <sup>1</sup> .....	55.8	63.2	64.5
<b>Equals: National defense consumption expenditures, NIPA's</b> .....	<b>319.7</b>	<b>324.4</b>	<b>340.1</b>

1. Gross investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in Federal Government consumption expenditures.

Sources: *Budget of the United States Government, Fiscal Year 2002* and the Bureau of Economic Analysis.

expenditures consistent with the budget estimates of receipts and outlays for the fiscal year are shown in table 10. The NIPA estimates of current receipts reflect the quarterly pattern that results from the enacted and proposed legislation, from the administration's projected quarterly pattern of wages and profits, and from the methodology used by BEA to derive quarterly estimates of declarations and settlements (estimated income tax payments and final settlements) less refunds.<sup>5</sup> The NIPA estimates of current expenditures reflect the quarterly pattern that results from the enacted and proposed legislation that would adjust pay for Federal Government employees and provide cost-of-living increases in social security and other programs. The quarterly estimates do not control to the fiscal year estimates but instead are estimated changes based on the published level of the advance estimate for the first quarter of 2001. Because of the limited information available to estimate the quarterly patterns, they should be viewed as rough approximations. Over the course of the year, BEA will provide more reliable estimates on a historical basis in NIPA table 3.2.

In the NIPA framework, the current surplus decreases in the second quarter of 2001 and increases in the third and fourth quarters. The current surplus decreases in the first quarter of 2002 and in-

creases in the second and third quarters. The decrease in the second quarter of 2001 is due to an increase in current expenditures; most of the increase is accounted for by transfer payments to persons, primarily Medicare, and by grants-in-aid to State and local governments, primarily the Children's Health Insurance Program and the proposed prescription drug plan. The increases in the current surplus in the third and fourth quarters of 2001 are attributable to the resumption of smaller

**Table 7.—Relation of Administration Budget and NIPA Estimates of Federal Government Current Receipts and Expenditures**

[Billions of dollars]

	Level for fiscal year			Change from preceding fiscal year	
	Actual		Estimates	2001	2002
	2000	2001			
<b>Administration budget:</b>					
Receipts .....	2,025.2	2,136.9	2,191.7	111.7	54.8
Outlays .....	1,788.8	1,856.2	1,960.6	67.4	104.3
Surplus or deficit (-) .....	236.4	280.7	231.2	44.3	-49.5
<b>NIPA's:</b>					
Receipts .....	2,032.8	2,136.7	2,199.7	103.9	63.0
Outlays .....	1,813.8	1,900.5	1,978.7	86.7	78.2
Surplus or deficit (-) <sup>1</sup> .....	219.0	236.2	221.0	17.3	-15.2
	Differences				
<b>Administration budget less NIPA's:</b>					
Receipts .....	-7.6	.2	-8.0	7.8	-8.2
Outlays .....	-25.0	-44.3	-18.1	-19.3	26.2
Surplus or deficit (-) .....	17.4	44.5	10.2	27.1	-34.3

5. For details on the methodology, see Eugene P. Seskin, "Annual Revision of the National Income and Product Accounts," SURVEY 78 (August 1998): 29-31.

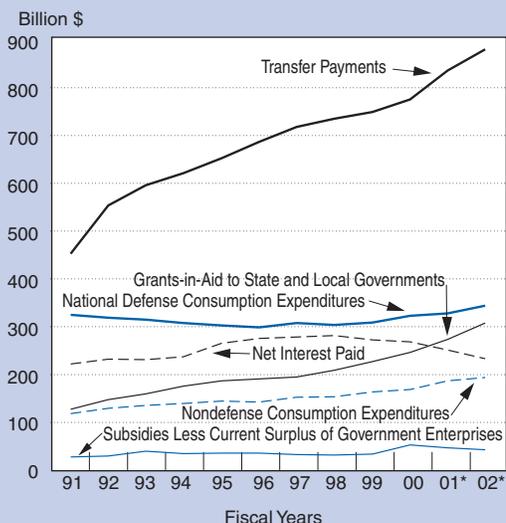
1. The NIPA current surplus or deficit reflects the treatment of government investment that was introduced in January 1996. Current expenditures include (1) consumption of fixed capital for general government in consumption expenditures, and (2) consumption of fixed capital for government enterprises as an expense in the calculation of the current surplus of government enterprises. Gross investment in fixed assets by general government and by government enterprises is not classified as a current expenditure in the year the asset is purchased but is classified, instead, as an expenditure over the service life of the asset.

Sources: *Budget of the United States Government, Fiscal Year 2002* and the Bureau of Economic Analysis.

NIPA National income and product accounts

### CHART 3

#### Federal Government Current Expenditures, NIPA Framework



\*Estimates by BEA  
U.S. Bureau of Economic Analysis

**Table 8.—Sources of Change in Federal Government Current Receipts, NIPA Framework**

[Billions of dollars]

	Change from preceding fiscal year		
	2000	2001	2002
<b>Total receipts</b> .....	<b>200.3</b>	<b>103.9</b>	<b>63.0</b>
Due to tax bases .....	200.0	104.2	93.0
Due to proposed legislation .....	.2	-3	-30.0
Personal tax and nontax receipts .....	121.1	71.9	8.4
Due to tax bases .....	121.1	72.0	35.7
Due to proposed legislation .....	0	-2	-27.3
Corporate profits tax accruals .....	29.6	-9.9	8.9
Due to tax bases .....	29.4	-9.8	10.9
Due to proposed legislation .....	.2	-1	-2.0
Indirect business tax and nontax accruals .....	11.3	7.3	2.4
Due to tax bases .....	11.3	7.3	3.2
Due to proposed legislation .....	0	0	-7
Contributions for social insurance .....	38.3	34.7	43.2
Due to tax bases .....	38.3	34.7	43.2
Due to proposed legislation .....	0	0	0

Sources: *Budget of the United States Government, Fiscal Year 2002* and the Bureau of Economic Analysis.

**Table 9.—Sources of Change in Federal Government Current Expenditures, NIPA Framework**

[Billions of dollars]

	Change from preceding fiscal year		
	2000	2001	2002
<b>Total current expenditures</b> .....	<b>80.6</b>	<b>86.7</b>	<b>78.2</b>
Consumption expenditures .....	20.2	22.0	22.6
National defense .....	14.2	4.7	15.7
Pay raise and locality pay <sup>1</sup> .....	0	2.7	4.7
Other .....	14.2	2.0	11.0
Nondefense .....	5.9	17.4	6.9
Pay raise and locality pay <sup>1</sup> .....	0	2.0	3.4
Other .....	5.9	15.4	3.5
Transfer payments .....	26.1	60.7	43.3
Social security .....	19.0	24.1	20.3
Medicare .....	6.6	23.0	14.0
Supplemental security income .....	1.1	1.5	-.2
Earned income and child care credits .....	1.3	-.2	1.1
Veterans benefits .....	.8	1.5	2.5
Unemployment benefits .....	0	4.7	2.9
Other .....	-2.5	6.2	2.7
Grants-in-aid to State and local governments .....	19.0	26.7	34.2
General public service .....	1.2	-.5	.1
Public order and safety .....	.4	.3	1.4
Housing and community services .....	1.2	.5	.3
Health .....	11.1	17.8	23.3
Medicaid .....	9.9	10.9	13.5
Other health .....	1.3	6.9	9.8
Education .....	2.6	2.6	3.1
Welfare and social services .....	3.5	4.6	2.4
Other .....	-1.0	1.2	3.5
Net interest paid .....	-4.1	-16.6	-18.1
Subsidies less current surplus of government enterprises .....	18.4	-6.1	-3.7
Agriculture subsidies .....	27.3	-9.4	-3.9
Housing subsidies .....	.3	-10.9	-5.7
Other subsidies .....	-15.1	1.4	1.5
Less: Current surplus of government enterprises:			
Postal Service surplus .....	-2.3	-.1	.4
Other surplus of government enterprises .....	-3.6	0	0

1. Consists of pay raises and locality pay beginning in January 2001.  
Source: Bureau of Economic Analysis.

increases in transfer payments and to increases in personal taxes and in contributions for social insurance. The decrease in the current surplus in the first quarter of 2002 reflects a decrease in personal tax receipts, primarily from the proposed tax cut legislation. The increases in the current surplus in the second and third quarters of 2002 result from increases in personal taxes, reflecting a higher tax base, and in contributions for social insurance.

Table 10 follows. 

**Table 10.—Federal Government Current Receipts and Expenditures, NIPA Framework**

[Billions of dollars; calendar year and quarters at seasonally adjusted annual rates]

Line		Fiscal year estimates <sup>1</sup>			Calendar year <sup>2</sup>		Quarter <sup>2</sup>										
		2000	2001	2002	Pub-lished	Esti-mated	Published				Estimated						
					2000	2001	2000		2001		2001		2002				
							I	II	III	IV	I	II	III	IV	I	II	III
1	<b>Current receipts</b> .....	<b>2,032.8</b>	<b>2,136.7</b>	<b>2,199.7</b>	<b>2,065.7</b>	<b>2,187.8</b>	<b>2,011.9</b>	<b>2,054.8</b>	<b>2,089.4</b>	<b>2,106.6</b>	<b>2,145.8</b>	<b>2,173.6</b>	<b>2,203.4</b>	<b>2,228.2</b>	<b>2,217.2</b>	<b>2,241.7</b>	<b>2,265.5</b>
2	Personal tax and nontax receipts .....	997.0	1,068.9	1,077.3	1,017.7	1,104.2	978.0	1,003.6	1,030.9	1,058.4	1,083.1	1,098.5	1,112.1	1,123.2	1,092.8	1,104.5	1,116.3
3	Withheld income taxes .....	772.6	830.5	853.2	799.1	860.7	768.7	789.7	809.3	828.6	842.7	855.4	867.3	877.4	864.4	875.9	887.5
4	Declarations and final settlements less refunds ..	214.6	227.9	212.8	208.6	232.6	199.5	203.9	211.5	219.5	229.8	232.2	233.7	234.6	217.6	217.6	217.5
5	Proposed legislation .....	.....	-2	-6.6	.....	-2	.....	.....	.....	.....	.....	-2	-2	-2	-6.6	-6.6	-6.6
6	Other .....	214.6	228.0	219.5	208.6	232.7	199.5	203.9	211.5	219.5	229.8	232.3	233.9	234.7	224.2	224.2	224.1
7	Nontaxes .....	9.9	10.6	11.3	10.0	11.0	9.8	9.9	10.1	10.2	10.5	10.9	11.1	11.3	10.8	11.0	11.2
8	Corporate profit tax accruals .....	243.1	233.2	242.1	244.0	232.3	245.7	250.5	249.4	230.3	227.3	229.0	234.3	238.6	238.0	239.5	240.3
9	Federal Reserve Banks .....	29.9	30.7	31.4	30.1	30.3	29.2	29.3	30.0	31.7	30.2	30.2	30.3	30.6	31.0	31.5	32.2
10	Proposed legislation .....	.....	0	0	.....	0	.....	.....	.....	.....	.....	0	0	0	0	0	0
11	Other .....	29.9	30.6	31.3	30.1	30.3	29.2	29.3	30.0	31.7	30.2	30.2	30.3	30.6	31.0	31.5	32.2
12	Other corporate profit tax accruals .....	213.3	202.5	210.7	213.9	202.0	216.5	221.3	219.4	198.5	197.1	198.8	204.0	208.0	207.0	208.0	208.1
13	Proposed legislation .....	.....	.1	-1.9	.....	-4	.....	.....	.....	.....	.....	.2	.2	-1.8	-1.9	-1.9	-1.9
14	Other .....	213.0	202.4	212.6	213.9	202.3	216.5	221.3	219.4	198.5	197.1	198.6	203.8	209.8	209.0	209.9	210.1
15	Indirect business tax and nontax accruals .....	109.7	117.0	119.5	108.4	111.6	106.8	108.9	108.9	109.0	109.8	111.3	112.7	112.7	113.6	114.4	115.2
16	Proposed legislation .....	.....	0	-7	.....	-2	.....	.....	.....	.....	.....	0	0	-7	-7	-7	-7
17	Other .....	109.7	117.0	120.2	108.4	111.8	106.8	108.9	108.9	109.0	109.8	111.3	112.7	113.4	114.3	115.1	115.9
18	Contributions for social insurance .....	682.9	717.5	760.8	695.6	739.6	681.5	691.8	700.2	709.0	725.6	734.8	744.4	753.7	772.8	783.4	793.7
19	Old age, survivors, disability, and hospital insurance .....	625.9	657.1	694.6	636.0	674.9	622.8	632.7	640.2	648.2	661.9	670.4	679.3	688.0	703.6	713.6	723.5
20	Tax on wages and salaries (FICA, gross) .....	592.5	621.9	657.5	601.3	638.4	588.8	598.2	605.3	612.8	626.0	634.1	642.6	651.0	665.9	675.6	685.1
21	Proposed legislation .....	.....	0	0	.....	0	.....	.....	.....	.....	.....	0	0	0	0	0	0
22	Base increases .....	.....	1.1	5.5	.....	4.4	.....	.....	.....	.....	4.4	4.4	4.4	4.4	8.8	8.8	8.8
23	January 2001 .....	.....	1.1	4.4	.....	4.4	.....	.....	.....	.....	4.4	4.4	4.4	4.4	4.4	4.4	4.4
24	January 2002 .....	.....	.....	1.1	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	4.4	4.4	4.4
25	Other .....	592.5	620.8	652.0	601.3	634.0	588.8	598.2	605.3	612.8	621.6	629.7	638.2	646.6	657.0	666.7	676.3
26	FICA Refunds .....	-2.0	-2.4	-2.4	-1.8	-2.2	-1.8	-1.8	-1.8	-1.8	-2.2	-2.2	-2.2	-2.2	-2.3	-2.3	-2.3
27	Voluntary hospital insurance .....	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.6
28	Tax on self-employment earnings (SECA) .....	34.0	36.2	38.0	35.0	37.2	34.3	34.7	35.2	35.7	36.6	37.0	37.3	37.7	38.4	38.8	39.1
29	Base increases .....	.1	.4	.8	0	.4	.....	.....	.....	.....	.4	.4	.4	.4	.8	.8	.8
30	Other .....	33.9	35.7	37.2	35.0	36.7	34.3	34.7	35.2	35.7	36.1	36.5	36.9	37.2	37.6	38.0	38.3
31	Supplementary medical insurance .....	20.4	21.9	25.4	20.9	23.5	20.7	20.8	21.0	21.1	23.3	23.4	23.5	23.6	26.7	26.8	26.9
32	Unemployment insurance .....	27.5	29.3	31.5	28.9	30.3	28.5	28.7	29.0	29.3	29.6	30.0	30.5	31.0	31.5	32.1	32.7
33	Other .....	9.0	9.3	9.3	9.9	11.1	9.5	9.6	10.0	10.4	10.9	11.1	11.2	11.2	11.1	10.9	10.7
34	<b>Current expenditures</b> .....	<b>1,813.8</b>	<b>1,900.5</b>	<b>1,978.7</b>	<b>1,813.9</b>	<b>1,905.9</b>	<b>1,776.0</b>	<b>1,813.9</b>	<b>1,836.0</b>	<b>1,829.6</b>	<b>1,861.9</b>	<b>1,907.0</b>	<b>1,917.6</b>	<b>1,936.9</b>	<b>1,957.6</b>	<b>1,971.2</b>	<b>1,978.4</b>
35	Consumption expenditures .....	486.4	508.4	531.0	489.2	513.5	478.7	499.0	489.9	489.2	506.9	515.6	513.6	517.9	528.5	537.5	541.2
36	National defense .....	319.7	324.4	340.1	319.7	336.7	311.2	325.7	319.6	322.4	332.9	338.6	335.0	340.3	347.2	355.4	358.3
37	Pay raises and locality pay .....	.....	2.7	7.4	.....	3.6	.....	.....	.....	.....	3.4	3.6	3.6	3.6	8.5	8.7	8.7
38	January 2001 .....	.....	2.7	3.6	.....	3.6	.....	.....	.....	.....	3.4	3.6	3.6	3.6	3.6	3.6	3.6
39	January 2002 .....	.....	.....	3.8	.....	.....	.....	.....	.....	.....	.....	.....	.....	4.9	5.1	5.1	
40	Other .....	319.7	321.7	332.7	319.7	333.2	311.2	325.7	319.6	322.4	329.5	335.0	331.4	336.7	338.7	346.7	349.6
41	Nondefense .....	166.7	184.1	191.0	169.5	176.8	167.5	173.3	170.3	166.7	174.0	177.0	178.6	177.6	181.2	182.2	182.9
42	Pay raises and locality pay .....	.....	2.0	5.3	.....	2.6	.....	.....	.....	.....	2.4	2.7	2.7	2.7	5.9	6.3	6.3
43	January 2001 .....	.....	2.0	2.7	.....	2.6	.....	.....	.....	.....	2.4	2.7	2.7	2.7	2.7	2.7	2.7
44	January 2002 .....	.....	.....	2.6	.....	.....	.....	.....	.....	.....	.....	.....	.....	3.2	3.6	3.6	
45	Other .....	166.7	182.1	185.7	169.5	174.2	167.5	173.3	170.3	166.7	171.6	174.3	175.9	174.9	175.3	175.9	176.6
46	Transfer payments (net) .....	768.0	828.7	872.0	782.4	837.4	763.2	779.0	785.2	802.0	812.9	836.4	845.2	855.2	865.4	871.8	875.0
47	To persons .....	758.1	817.0	860.5	769.3	824.9	754.9	769.9	773.8	778.6	805.4	825.0	833.3	836.0	853.3	859.4	861.8
48	Social Security .....	396.0	420.0	440.3	401.5	424.6	392.8	405.2	404.4	403.6	421.4	423.5	425.6	427.8	440.7	442.9	445.1
49	Regular .....	396.0	409.3	417.9	401.5	410.3	392.8	405.2	404.4	403.6	407.1	409.2	411.3	413.5	415.6	417.8	420.0
50	Benefit increases .....	.....	10.7	22.4	.....	14.3	.....	.....	.....	.....	14.3	14.3	14.3	14.3	25.1	25.1	25.1
51	January 2001 .....	.....	10.7	14.3	.....	14.3	.....	.....	.....	.....	14.3	14.3	14.3	14.3	14.3	14.3	14.3
52	January 2002 .....	.....	.....	8.1	.....	.....	.....	.....	.....	.....	.....	.....	.....	10.8	10.8	10.8	
53	Medicare .....	213.7	236.7	250.7	221.0	241.7	215.2	219.1	222.8	226.8	232.0	244.5	245.0	245.1	245.8	254.3	259.4
54	Unemployment benefits .....	20.5	25.2	28.1	20.3	25.1	20.3	19.6	20.2	21.1	21.5	24.2	27.1	27.6	26.7	25.2	23.4
55	Veterans benefits .....	24.6	26.1	28.6	24.9	26.9	24.7	24.9	25.1	26.1	26.1	26.7	27.3	27.5	28.4	28.5	28.8
56	Railroad retirement .....	8.3	8.2	8.6	8.3	8.2	8.3	8.3	8.3	8.2	8.4	8.2	8.0	8.1	8.5	8.8	9.0
57	Military medical insurance .....	2.0	2.1	2.2	1.9	2.1	1.9	1.9	1.9	1.8	2.0	2.1	2.1	2.1	2.1	2.1	2.1
58	Food stamps .....	15.1	15.9	17.2	14.9	16.0	14.9	14.7	14.7	15.2	15.2	15.5	15.8	17.3	16.8	16.3	16.0
59	Black lung benefits .....	.9	.9	.8	1.0	1.0	1.0	1.0	1.0	.9	.9	1.0	1.0	1.0	.9	.9	.8
60	Supplemental security income .....	27.8	29.3	29.1	27.2	28.2	27.4	27.0	27.3	27.2	28.2	28.5	28.8	27.1	30.2	28.0	25.7
61	Earned income and child care credits .....	26.9	26.7	27.8	26.2	26.0	26.2	26.2	26.2	26.2	26.0	26.0	26.0	26.0	27.1	27.1	27.1
62	All other .....	22.1	25.9	27.1	22.2	25.4	22.2	22.1	22.2	22.4	23.4	24.9	26.7	26.4	26.0	25.3	24.3
63	To rest of the world (net) .....	10.0	11.7	11.5	13.1	12.5	8.3	9.1	11.4	23.4	7.6	11.4	11.9	19.2	12.1	12.5	13.2

See footnotes at the end of the table.

**Table 10.—Federal Government Current Receipts and Expenditures, NIPA Framework—Continued**

[Billions of dollars; calendar year and quarters at seasonally adjusted annual rates]

Line		Fiscal year estimates <sup>1</sup>			Calendar year <sup>2</sup>		Quarter <sup>2</sup>										
		2000	2001	2002	Pub- lished	Esti- mated	Published				Estimated						
							2000		2001		2001				2002		
					2000	2001	I	II	III	IV	I	II	III	IV	I	II	III
64	Grants-in-aid to State and local governments .....	243.7	270.4	304.6	244.6	281.8	235.0	240.9	251.2	251.2	262.0	279.5	288.2	297.3	302.4	306.4	312.0
65	General public service .....	4.0	3.5	3.6	1.8	3.8	1.6	1.1	2.1	2.4	2.6	4.1	4.7	3.9	3.9	3.4	3.1
66	National defense .....	3.1	2.8	3.0	3.4	2.7	3.4	3.4	3.5	3.3	3.3	2.5	2.2	2.9	3.0	3.2	3.0
67	Public order and safety .....	1.8	2.2	3.5	2.2	2.2	1.9	2.1	2.0	2.9	2.9	1.6	1.3	2.8	3.1	3.7	4.5
68	Economic affairs .....	9.2	10.8	11.8	9.5	11.1	9.1	8.9	9.7	10.2	8.6	11.5	12.3	11.9	11.6	11.6	12.0
69	General economic and labor .....	4.4	5.4	6.1	4.7	5.4	4.7	4.4	4.2	5.6	3.5	5.9	6.1	6.1	5.8	6.0	6.3
70	Agriculture .....	.9	1.0	1.0	.8	1.1	.8	.9	.8	.7	.9	1.1	1.3	1.2	1.1	.9	.9
71	Energy .....	1.1	1.0	1.2	1.2	1.0	1.1	1.2	1.2	1.1	1.0	1.0	1.0	1.1	1.2	1.2	1.3
72	Natural resources .....	2.0	2.5	2.6	2.0	2.7	1.6	1.6	2.7	2.1	2.5	2.6	2.8	2.8	2.6	2.6	2.5
73	Transportation <sup>3</sup> .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
74	Space .....	.8	.9	.9	.8	.9	.8	.9	.9	.7	.8	.9	1.0	.7	.8	1.0	1.1
75	Housing and community services .....	11.8	12.3	12.6	11.6	12.4	11.5	11.4	11.5	12.0	11.8	12.3	13.1	12.3	12.4	12.7	13.1
76	Health .....	131.2	149.0	172.4	134.0	156.5	128.2	129.9	141.0	136.8	142.9	155.8	160.7	166.7	170.7	174.0	178.1
77	Medicaid .....	117.7	128.6	142.1	119.5	131.8	114.7	116.1	125.0	122.2	128.8	130.0	133.3	135.0	140.1	144.9	148.4
78	Other .....	13.6	20.5	30.3	14.5	24.8	13.6	13.8	16.0	14.6	14.0	25.8	27.5	31.7	30.5	29.2	29.7
79	Recreation and culture .....	.3	.3	.3	.3	.4	.2	.3	.2	.3	.3	.4	.4	.3	.4	.3	.3
80	Education .....	22.3	24.9	28.0	20.9	27.0	20.6	22.8	20.4	19.9	23.6	27.0	29.0	28.5	28.5	27.7	27.1
81	Income security .....	60.1	64.6	69.4	60.9	65.8	58.4	61.1	60.7	63.5	66.0	64.4	64.5	68.1	68.8	69.7	70.8
82	Welfare and social services .....	52.1	56.7	59.1	53.3	57.3	50.7	53.0	53.7	55.9	56.6	56.9	57.4	58.3	58.8	59.5	60.0
83	Other .....	8.0	7.9	10.2	7.6	8.5	7.6	8.1	7.1	7.5	9.4	7.5	7.1	9.8	10.0	10.3	10.8
84	Net interest paid .....	264.8	248.2	230.1	259.4	238.7	265.0	260.3	257.2	254.9	245.5	240.7	236.0	232.5	227.7	222.3	217.2
85	Subsidies less current surplus of government enterprises .....	50.9	44.8	41.0	38.4	34.5	34.1	34.6	52.4	32.4	34.6	34.7	34.6	34.1	33.6	33.2	32.9
86	Subsidies .....	49.3	39.9	35.9	44.8	39.8	40.3	41.1	58.6	39.3	41.1	40.1	39.3	38.6	38.2	37.9	37.8
87	Agricultural .....	27.3	16.4	10.6	22.0	15.7	17.5	18.3	35.7	16.3	17.7	16.2	15.0	14.0	13.4	12.9	12.6
88	Housing .....	20.9	22.4	23.9	22.1	23.0	22.0	22.0	22.1	22.3	22.7	22.8	23.1	23.3	23.5	23.7	23.8
89	Other .....	1.1	1.1	1.4	.8	1.1	.8	.8	.7	.7	.7	1.2	1.2	1.3	1.4	1.4	1.4
90	Less: Current surplus of government enterprises .....	-1.6	-4.9	-5.1	6.4	5.3	6.2	6.5	6.1	6.8	6.5	5.4	4.8	4.6	4.6	4.7	4.9
91	Postal Service .....	-6.6	-9.8	-10.4	-5	-1.2	-4	-4	-9	-3	-2	-1	-1	-1	-2	-2	-1
92	Federal Housing Administration .....	2.9	3.1	3.2	3.7	4.2	3.5	3.6	3.8	4.0	4.1	4.2	4.2	4.2	4.2	4.2	4.2
93	Tennessee Valley Authority .....	3.0	3.3	3.6	3.3	3.3	3.2	3.3	3.3	3.3	3.2	3.2	3.3	3.3	3.4	3.4	3.4
94	Other .....	-9	-1.5	-1.5	-1	-9	-1	0	0	-2	-7	-9	-1.0	-1.0	-9	-9	-9
95	Less: Wage accruals less disbursements .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
96	<b>Current surplus or deficit (-) <sup>4</sup></b> .....	<b>219.0</b>	<b>236.2</b>	<b>221.0</b>	<b>251.8</b>	<b>281.9</b>	<b>235.8</b>	<b>240.9</b>	<b>253.3</b>	<b>277.0</b>	<b>283.9</b>	<b>266.6</b>	<b>285.9</b>	<b>291.3</b>	<b>259.6</b>	<b>270.5</b>	<b>287.1</b>
<b>Addenda:</b>																	
97	Gross investment <sup>5</sup> .....	103.8	117.6	122.7	106.0	113.6	101.3	105.5	104.3	112.8	111.5	112.0	116.1	114.9	117.2	118.3	120.3
98	National defense .....	55.8	63.2	64.5	57.2	60.9	55.4	56.2	55.4	62.0	60.3	59.8	62.9	60.6	61.8	61.9	62.9
98	Nondefense .....	48.0	54.4	58.3	48.8	52.8	46.0	49.3	48.9	50.8	51.2	52.2	53.3	54.3	55.4	56.4	57.4
100	Consumption expenditures and gross investment .....	590.2	626.0	653.7	595.2	627.1	580.1	604.5	594.2	602.0	618.3	627.6	629.7	632.7	645.7	655.9	661.5
101	National defense .....	375.5	387.5	404.5	377.0	397.5	366.6	381.9	375.0	384.4	393.1	398.4	397.8	400.8	409.1	417.3	421.3
102	Nondefense .....	214.7	238.4	249.2	218.2	229.6	213.5	222.6	219.2	217.6	225.2	229.3	231.9	231.9	236.6	238.6	240.3
103	Capital transfers received (net) .....	-6.2	-7.4	-13.1	-8.0	-7.6	-7.0	-8.3	-7.7	-9.1	-9.3	-8.0	-7.8	-5.3	-7.2	-6.6	-7.8
104	Capital transfers received .....	28.8	30.9	28.5	28.1	31.5	28.9	28.0	27.9	27.7	30.1	30.5	30.8	34.5	34.6	34.9	35.4
105	Estate and gift taxes .....	28.8	30.9	28.5	28.1	31.5	28.9	28.0	27.9	27.7	30.1	30.5	30.8	34.5	34.6	34.9	35.4
106	Less: Capital transfers paid .....	35.1	38.3	41.6	36.2	39.1	36.0	36.2	35.7	36.8	39.5	38.4	38.6	39.8	41.7	41.5	43.2
107	Grants-in-aid to State and local governments .....	35.1	38.3	41.6	36.2	39.1	36.0	36.2	35.7	36.8	39.5	38.4	38.6	39.8	41.7	41.5	43.2
108	Transportation .....	31.9	35.0	38.1	32.9	35.7	32.9	33.2	32.1	33.5	36.1	35.1	35.2	36.3	38.3	38.0	39.7
109	Highway .....	25.2	27.5	29.8	25.8	28.0	26.5	25.9	25.2	25.4	28.2	28.1	28.2	27.6	29.0	30.5	32.1
110	Other transportation .....	6.7	7.5	8.3	7.2	7.7	6.4	7.3	6.9	8.1	7.9	7.0	7.1	8.8	9.2	7.5	7.6
111	Housing and community services .....	3.2	3.4	3.5	3.3	3.4	3.1	3.0	3.7	3.3	3.4	3.3	3.3	3.4	3.5	3.5	3.5

1. Fiscal year estimates are the sum of quarterly values not seasonally adjusted and are consistent with the budget proposals.

2. Published estimates, both calendar year and quarters, appear in the NIPA tables 3.2 and 3.7 elsewhere in this issue. BEA's estimate of corporate profits tax accruals for the first quarter of 2001 will not be available until the release of the preliminary estimate of gross domestic product on May 25, 2001. The value shown is derived from the budget.

Published estimates for the fourth quarter of 2000 and the first quarter of 2001, as well as estimates for subsequent quarters, differ from the quarterly estimates in *Budget of the United States Government, Analytical Perspectives, Fiscal Year 2002* because of additional data received after the budget was released.

3. Most transportation grants-in-aid to State and local governments are classified as capital transfers paid (see addenda); however, water and railroad transportation grants are still classified as current account transactions.

4. See footnote 1 in table 7.

5. Gross investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in Federal Government consumption expenditures.

Sources: *Budget of the United States Government, Fiscal year 2002* and the Bureau of Economic Analysis.

FICA Federal insurance contributions act  
 NIPA National income and product accounts  
 SECA Self-employment contributions act